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Written statement* submitted by the Asian Legal Resource Centre (ALRC), a non-governmental organization in general consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[15 January 2002]

*This written statement is issued, unedited, in the language(s) received from the submitting non-governmental organization(s).

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Milk prices in Sri Lanka

1. The rights to food and health are the most basic human rights. The right to food is codified in article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR). Without ensuring the availability of adequate and nutritious food, it is difficult for the state to honour the right to health granted in article 12 of the same covenant. This truism was observed by the Special Rapporteur on the right to food, Jean Ziegler, in his report to the Commission of 7 February 2001 (E/CN.4/2001/53). Article 1 of the ICESCR also notes that "in no case may a people be deprived of its own means of subsistence". Furthermore, broadly interpreted, article 10 of the ICESCR pertains to violations of the right to food by states through inaction and complicity with multinational corporations. General Comment No. 12 of the UN Committee on Economic, Social and Cultural Rights, adopted in May 1999, reinforces these articles by emphasising accessibility to food as an integral component of the right. In his report the Special Rapporteur has also observed that the obligations of states to meet the right to food—which includes the right to liquid nourishment—are threefold: to respect, protect and fulfill. Regarding the second obligation the Special Rapporteur has noted that, "[States] must ensure that individuals and companies do not deprive people of permanent access to adequate and sufficient food. In most cases, access to food is a question of affordability, and therefore income."

2. In 2001 the Government of Sri Lanka—which ratified the ICESCR in 1980—breached articles 1, 10, 11 and 12 with regards to the rising cost of a staple food: milk. Approximately half the national population—about two million families—has been affected by the increasingly unaffordable milk prices. In a country where 1.8 million children are reported to be malnourished the consequences of this negligence cannot be ignored.

3. The milk price crisis is best appreciated by reflecting on the actual rise in the price of milk. In 1977, for instance, a 400-gram packet of milk cost 6 rupees (US$0.06). In 1994 it was 50 rupees (US$0.54). In 2001 it was as much as 119 rupees (US$1.28) for Nestlè's NIDO milk and 154 rupees (US$1.66) for Anchor's non-fat milk. Samurdhi—the official poverty alleviation programme in the country—has stated that two million Sri Lankan families earn less than 750 rupees (US$8.09) per month. The global standard for poverty, according to the World Bank, is US$1.00 per day per person, a standard that these two million Sri Lankan families fall woefully short of. A family with just one child under the age of 5 would have to buy about 10 packets of milk per month, at a cost of at least 1,000 rupees (US$10.78), to meet the child's nutritional requirements. Yet the cost of this basic commodity alone exceeds its average monthly income.

4. These prices are the result of combined government policies, the actions of multilateral organisations and free market economics. In April 2001 the Government of Sri Lanka was awarded a standby loan from the International Monetary Fund (IMF), the conditions of which included immediate tax increases and deregulation of the rupee. Subsequently the government raised the tax on milk to 19.5 percent, providing an incentive to support higher milk prices and thereby collect more tax. Meanwhile, the milk companies claim that one of the reasons they cannot lower prices is because of Sri Lanka's devalued rupee.

5. There are other historical reasons for Sri Lanka's exorbitant milk prices. About 20 years ago fresh, inexpensive milk was widely available. However in 1981 the government—under a policy of liberalisation and privatisation—closed the National Milk Board and signed an agreement with Nestlè to develop the dairy industry. The dairy industry was consolidated under four companies—Nestlè, Anchor, Laksprey and Maliban—all of whom show little sympathy for the plight of millions of families who cannot afford their milk products. The chairman of Nestlè Lanka has gone so far as to assert that it is improper to

ask for a reduction in milk prices. Bringing the issue to the attention of foreign diplomats in Sri Lanka, he has argued that the application of pressure to reduce milk prices is a violation of free market principles. Meanwhile, domestic dairy producers able to provide milk for the country prior to 1981 are no longer able to do so, and Sri Lanka has become dependent on foreign producers of milk.

6. In response, the Reduce Milk Prices Campaign, led by the Movement for National Land and Agricultural Reform and the Movement of Mothers to Combat Malnutrition, was inaugurated in June 2001. The Campaign now consists of 350 organisations from a broad spectrum of society, including farmer's organisations, fishery sector groups, women's organisations, trade unions, non-governmental organisations and human rights groups. Its proposals to reduce milk prices include the immediate removal of the 19.5 percent tax on milk and government intervention to break the existing monopoly on the importation and marketing of milk. It has called for the termination of all commercial advertising of milk products, which, the movement claims, would reduce milk prices by half. Lastly, it has called on the government to initiate a national policy to revive domestic dairy production and distribution. According to the Campaign, these actions would reduce the price of milk by nearly 70 percent.

7. Clearly both the government and milk cartel in Sri Lanka are in a position to reduce the price of milk and restore it to its status as a food necessary to maintain life and good health, rather a mere commodity with a financial benefit. The international community, through the Commission, must state very explicitly that life takes precedence over monetary rationales, and the value of life must be affirmed over money. Accordingly, the Asian Legal Resource Centre urges that:

- The Government of Sri Lanka immediately implement the recommendations of the Reduce Milk Prices Campaign.

- The Special Rapporteur on the right to food investigate this issue and make appropriate recommendations to the Government of Sri Lanka, the UN and milk companies, to ensure that the people of Sri Lanka, especially the nation's children, can enjoy their right to milk.